

Message Text

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PAGE 01 MANILA 11769 170326Z

70

ACTION EA-14

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8630

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E.O. 11652: N/A

TAGS: EGEN, RP

SUBJ: INFORMAL COMMENTS BY GOP OFFICIALS ON LAND OWNERSHIP
AND U.S. AER TREATY DRAFT

REF: A. MANILA 11164

B. MANILA 11575

C. STATE 192122

1. SUMMARY: U.S. BUSINESSMEN CALLING ON PRESIDENT MARCOS AND INDUSTRY SECRETARY PATERNO HAVE BEEN ASSURED THAT THEY WILL HAVE A REASONABLE TRANSITION PERIOD FOR DIVESTING THEIR LAND HOLDINGS. SECRETARY VIRATA HAS COMMENTED IN CRITICAL VEIN ON U.S. AER DRAFT, AND DFA OFFICIALS ARE REPORTEDLY REFERRING TO IT AS "THE MAXIMUM PAPER." U.S. BUSINESSMEN ARE GENERALLY AWARE OF THESE TOP-LEVEL GOP COMMENTS ON THE LAND ISSUE AND CLEARLY ARE BEING ENCOURAGED IN THEIR HOPES FOR A GENEROUS TRANSITION PERIOD FOR U.S. LAND OWNERSHIP. END SUMMARY.

2. ACCORDING TO ERWIN G. VORSTER, THEO DAVIES EXECUTIVE VICE PRESIDENT, WHO RECENTLY CALLED ON PRESIDENT MARCOS IN CONNECTION WITH PROPOSED PURCHASE OF HIS COMPANY BY THE UK FIRM JARDINE MATHISON, PRESIDENT MARCOS COMMENTED IN THE COURSE OF THE
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PAGE 02 MANILA 11769 170326Z

CONVERSATION THAT THERE WOULD BE "NO PROBLEM" REGARDING

TRANSITION OF AMERICAN LAND HOLDINGS; THERE WOULD BE "PLENTY OF TIME" TO TAKE CARE OF THE LAND PROBLEM. DEPARTMENT WILL RECALL THAT AMBASSADOR HAD EARLIER BRIEFED TOP U.S. BUSINESS LEADERS ON INDICATIONS FROM PRESIDENT MARCOS THAT SOMETHING MIGHT BE ACHIEVED IN NEGOTIATIONS WITH GOP ON RESIDENTIAL LAND AS WELL AS REGARDING LEASES AND OTHER CONTRACT RIGHTS. (MANILA 10534).

3. U.S. CHAMBER OF COMMERCE DELEGATION HEADED BY ARCH BOOTH CALLED ON INDUSTRY SECRETARY AND BOI CHAIRMAN PATERNO OCT. 11 AND RECEIVED AN EXTENSIVE BRIEFING ON PHILIPPINE POLICY TOWARD FOREIGN INVESTMENT. AMONG POINTS PATERNO EMPHASIZED WAS FACT THAT IN FUTURE ALL FOREIGN INVESTORS WILL BE TREATED EQUALLY. WHEN ONE OF THE BUSINESSMEN CALLERS RAISED THE POST LAUREL-LANGLEY LAND PROBLEM, PATERNO REPORTEDLY SAID THAT U.S. OWNERS WOULD BE GIVEN A REASONABLE PERIOD TO DIVEST THEIR LAND HOLDINGS.

4. ALTHOUGH SECRETARY VIRATA APPARENTLY HAS MADE NO SPECIFIC COMMENT ON THE LAND ISSUE TO BUSINESSMEN CALLERS SINCE HIS RETURN TO PHILIPPINES OCT. 6, HE IS REPORTED TO HAVE TOLD VISITING CALTEX PRESIDENT TUCKER ON OCT. 8 THAT THE U.S. AER DRAFT TREATY REPRESENTS THE MOST EXTREME U.S. POSITION AND HAS "TAKEN US BACK TO SQUARE ONE OR BEHIND SQUARE ONE" IN THE NEGOTIATIONS. A SIMILAR COMMENT HAS REPORTEDLY BEEN MADE BY DFA OFFICIALS WHO HAVE DUBBED THE US DRAFT "THE MAXIMUM PAPER" ACCORDING TO INFORMATION FROM A U.S. COMPANY SOURCE.

5. COMMENT: AMERICAN CHAMBER BOARD MEMBER PAN AM MANAGER MACKENZIE HAS COMMENTED THAT PATERNO'S STATEMENT GOES "ONE STEP BEYOND" PRESIDENT MARCOS' INDICATION TO THE AMBASSADOR THAT THERE WOULD, IN MACKENZIE'S WORDS, BE NO PROBLEM ON RESIDENTIAL LAND HOLDINGS. POINTING OUT THAT THE CONVERSATION WITH PATERNO CONCERNED INDUSTRIAL AND COMMERCIAL INVESTMENT EXCLUSIVELY, HE OBSERVED THAT PATERNO WENT FURTHER TO ASSURE U.S. BUSINESSMEN THAT THEY WOULD HAVE A REASONABLE PERIOD TO HOLD INDUSTRIAL AND COMMERCIAL LAND BEFORE BEING REQUIRED TO DIVEST. AS NOTED REF A AND B, EMBASSY HAS SOUGHT TO PREVENT EXAGGERATED EXPECTATIONS RE LAND OWNERSHIP AS DISCUSSED REF C. WE FIND, HOWEVER, THAT THESE LIMITED OFFICIAL USE

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PAGE 03 MANILA 11769 170326Z

STATEMENTS BY TOP GOP OFFICIALS HAVE ENCOURAGED EXPECTATIONS OF AT LEAST SOME ARRANGEMENT FOR RESIDENTIAL LAND AND A REASONABLE TRANSITION PERIOD FOR INDUSTRIAL AND COMMERCIAL LANDS. SULLIVAN

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